

SECRET

6 April 1972

MEMORANDUM FOR THE RECORD

Subject : Supplement to the Minutes of the Second Meeting of
the IRAC Working Group - 5 April 1972

1. The IRAC Working Group completed its review and commentary on the list of proposed resource issue studies provided to the principals by the DCI's letter of 15 March 1972. The minutes will reflect the agreement on the studies and recommended actions assigned and terms of reference.

2. In the course of the meeting, the DoD representative raised the question of what the various suggested resource studies were aimed at doing. He observed that he presumed the Director had an orderly plan in mind for use of IRAC and that the issue studies represent a part of this plan. He assumes the IRAC Working Group was established to foster the necessary inputs to such a plan and, therefore, under some terms of reference the Director has in mind.

3. I explained that the President's letter seemed clear and that the name of the game was to improve the quality of output and to relate Intelligence needs to budgetary constraints. One of the tools to accomplish this was IRAC and one of the vehicles was the so-called Consolidated Intelligence Program Budget. I advised that the Director had asked that significant program areas be reviewed, and that the studies we were weighing in the Working Group deliberations were in pursuit of that objective.

4. The DoD representative asked for a definition from the Chairman on how these studies would serve the DCI in whatever the DCI's overall plan is. I reiterated that to be meaningful the first studies we recommended to IRAC should have sizeable resource considerations and should be on a subject that will need decisions in the Fiscal Year 1974 program review period. The DoD representative continued to press for "a more fundamental elaboration."

5. I responded as follows: At the outset, we must recognize the practicable fact that Congress is likely to take an appreciable

SECRET

SECRET

slice from the Fiscal Year 1973 National Intelligence Budget. The impact of this slice, and its location, is of direct concern to the Director, to IRAC members, the Program Managers, and presumably to the National Security Council and the President. The Director, acting under the 5 November Directive, is likely to have a principal role in influencing the locations of the cut so as to minimize its substantive impact. I advised that this is obviously going to be an exercise of a different dimension than the issue studies the IRAC Working Group is considering, but that insofar as issue studies underway help identify potential areas of savings and impact options, they would obviously reduce the uncertainties about where to take cuts. I stressed that time is of essence.

6. Second, I explained that an integral part of the evaluation aspects of Program Review, as I see it, is having a fairly complete inventory of the studies underway in the Community. The DCI and IRAC need such an inventory. Thus, in considering Working Group-sponsored studies, we should cast light on and address the capabilities of select Community program areas with emphasis on resources needed to meet prescribed requirements. As such, the studies should contribute to a better understanding by all parties and provide opportunities for cross program inputs. This cross program understanding will be important to arriving at the right mix of resources and, to some degree, may provide better insight into qualitative assessment of the selected program areas. The studies, of course, will not substitute for the regular program managers review -- rather, they should, if done properly, broaden that process and bring to bear consideration of variables and relationships outside any one program manager's grasp.

7. Third, having undertaken studies, and through the program review process and other approaches which have begun, added insight into the selective capabilities and contributions of high-cost intelligence collective efforts should be achieved. This will then place us in a better position to relate planning objectives to the assets at hand or proposed. In this context, I elaborated on the nature of and need for a DCI planning guidance and its relevance to the Community system and to IRAC.

8. Fourth, if the DCI agrees to a planning guidance -- a prediction of the environment against which intelligence must operate (hopefully endorsed by the NSCIC) -- it then becomes important to relate costs and resources to the task of influencing outcomes in that environment. This task deals with the intelligence product as well as intelligence needed to support national action programs. The significant point of this fourth step in the process is

SECRET

SECRET

for IRAC and the Working Group is to identify, insofar as possible, likely trends of resource requirements and the nature of the competition for resources which can be expected in that time period.

9. Relating this point to Fiscal Year 1974, I observed a number of program areas identified for study were at the moment sprinkling seed money. The implications of sowing seed in Fiscal Year 1974 to the long-term costs of intelligence in Fiscal Year 1975 and beyond warranted an early identification and visibility and should be a part of the consideration given to fiscal decisions in Fiscal Year 1974. I cited communications investments, computer plans, [REDACTED]

[REDACTED] as specific examples in point.

10. I explained that the foregoing comments had largely addressed themselves to the process but that this should not be confused with the overall intent to look at program budgeting in a systems context. The process approach has always assumed that if you review the programs and study the specifics in the formulative stage, the outcomes will be the proper ones. The systematic approach which I believe is intended in implementing the President's Directive must, from a DCI point of view, focus on outcomes; not the activity alone but what results from it, and at what cost. Unless outcomes and costs are evaluated specifically, it is my opinion that there is a good likelihood that we will not be getting the best results. The alternatives are never black and white on any of these issues. They, at best, deal on the margins, and a good study, in my opinion, sponsored by IRAC will more clearly define these margins and their relation to outcomes. A systems approach does not require that every program be compared to all others -- an apples and oranges affair. Rather, programs must be divided into their parts for the purpose of analysis and choice. Thus, the intent of reviewing specific issues which we can agree upon is not to create a series of contestants building upon the established positions of the agency to whom the principal assets belong. Studies should provide the DCI and IRAC principals with alternatives which have in their background an identification of the relationship of the system or program to the objectives, outcomes, and the costs and which represent a broader overview than any individual agency is likely to provide. I, therefore, feel that if the IRAC Working Group can consider itself as having been assigned an important catholic role, we can get on with our work and serve the IRAC and our respective bosses in a statesmanlike fashion. Whether precise terms of references mean

SECRET

SECRET

very much within this concept is debatable. I urged that the group take a holistic view of its tasks and try to lift ourselves from the constraints and the partial view associated with process "politics."

11. I opined that if we follow the approach outlined -- and I emphasized that this is only a part of the process or system -- we need to change our focus and we cannot avoid controversy over means and ends. I pointed this remark at the DoD representative stating that the definition of the DCI's interest and plan was considerable now. It appeared to me to be evolutionary and does realistically concern itself with where the President has located the authority and power to devise more advanced ways of looking at intelligence in terms of outcomes and as a total system. The President's instructions include an IRAC -- he recognizes the need for group involvement in the process and so does Mr. Helms. But the President's directive derives, as I read the history, in part from an uneasiness about outcomes and costs of intelligence and in part from confidence that a DCI would obtain better results through a broader approach to the task.

12. As chairman of the IRAC Working Group, I do not propose to permit publicity for our new charge-- whether manifested in terms of reference as issue study proposals -- to outdistance performance. We don't need irrelevant studies. I emphasized that we do need, as suggested by the Defense representative, to point the agreed studies in a direction, and I hoped we could do so. I relayed my belief that we need to face up to the reality -- irrespective of resource distribution -- that the system has become interdependent, whether we like it or not.

13. I explained that the foregoing was my concept of how this overall review process and system's budgeting and evaluation should mesh to serve the Director and IRAC principals in doing what the President has asked. I explained that the meshing process depends upon a Community involvement and the IRAC Working Group had an important part in the translation of theory to practice. I advised that I expected hard work for the Working Group and that the Director had instructed that the Working Group be an active and innovative source. I encouraged any of its members to suggest other productive approaches.

14. OMB and DoD representatives commented that they felt there had been a need for this elaboration and that it had been

SECRET

SECRET

most helpful. I note that it is probably appropriate within the context of the above, to table a terms of reference for the Working Group before the DCI/IC for his approval. This will be done.

25X A

Distribution:

1 - D/DCI/IC

1 -

1 -

1 -

SECRET